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Ad Hoc Working Group on Expansion
of Trading Opportunities for
Developing Countries
Fourth session
Geneva, 4 July 1994

DRAFT REPORT OF THE AD HOC WORKING GROUP ON EXPANSION OF TRADING OPPORTUNITIES FOR DEVELOPING COUNTRIES ON ITS FOURTH SESSION

Held at the Palais des Nations, Geneva,
from 4 to 8 July 1994

Rapporteur: Mr. Dietmar-Gert Lackner (Austria)

INTRODUCTION, AGENDA ITEMS 2 and 4, ORGANIZATIONAL MATTERS

Speakers: Officer-in-charge of UNCTAD
Chairman
Director of the International Trade Division

Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments - to be submitted in English or French - should be communicated by Friday, 15 July 1994 at the latest to:

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INTRODUCTION

1. The Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries held its fourth session at the Palais des Nations, Geneva, from 4 to 8 July 1994. In the course of the session, the Ad Hoc Working Group held two plenary meetings and ..... informal meetings.

Opening statements

2. In his opening statement, the **Officer-in-charge of UNCTAD** recalled that the Ad Hoc Working Group had originally been scheduled to conclude its work within two years of the adoption of its terms of reference. However, owing to the timing of the completion of the Uruguay Round, and upon the recommendation of the Working Group itself, the Trade and Development Board had agreed to extend the period of the Group's mandate in order to allow the Group to consider the results of the Uruguay Round and their effects on the trading prospects of developing countries. It was noteworthy that the Group's current deliberations would be the first in-depth examination by an UNCTAD body of the results of the Uruguay Round. The focus would be in particular on the implications of market access concessions for the trading opportunities for developing countries and on the implications of strengthened multilateral disciplines for the range of policy options and instruments open to developing countries when they adopted export-oriented growth and adjustment policies. The work initiated by the Working Group on these important matters would no doubt be a valuable input into continuing intergovernmental analysis and assessment of the results of the Uruguay Round in the months and years ahead. It would contribute, in particular, both to the Board's broad consideration of the results of the Uruguay Round this Autumn and to the work of the new Ad Hoc Working Group on Trading Opportunities in the New International Trading Context.

3. The other important item on the agenda for the fourth session was the adoption of the Group's final report to the Trade and Development Board. In accordance with paragraph 1 of its terms of reference, the Ad Hoc Working Group was called upon "to analyse the prospects for, and examine ways of, expanding the trade opportunities of developing countries for the diversification and growth of their export supply capability and for the enlargement and improvement of their export market opportunities".[1] This meant that the Group's report was to contain not only analysis, or the identification of issues most relevant to the expansion of trading opportunities for developing countries, but also policy recommendations on

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[1] For the terms of reference of the Ad Hoc Working Group, see report of the Trade and Development Board on the second part of its thirty-eighth session (TD/B/1323 (Vol. II)), decision 398 (XXXVIII), annex C.

implementable commitments at the national and international levels to expand the trading opportunities of developing countries. He recalled that, in line with paragraphs 18 and 47 of the Cartagena Commitment, paragraph 3 of the terms of reference of the Group stated that "the Working Group should be inspired by the need to promote international consensus on principles and strategies for policy action at the national and international levels to enhance the development prospects of member States, particularly those of developing countries".

4. Another element that should be covered in the Working Group's report is technical cooperation. In this context, the Group was called upon by its mandate to identify areas in which technical cooperation should be strengthened.

5. Finally, the fact that the Board had decided, as a result of the mid-term review and evaluation of the work programme of the intergovernmental machinery of UNCTAD, to establish an Ad Hoc Working Group on Trading Opportunities in the New International Trading Context was, he believed, an indication of the member States' continuing interest in expanding trading opportunities for developing countries, thus contributing to the enhancement of their development prospects.

6. Reporting on the meeting of the Bureau of the Ad Hoc Working Group (22 June 1994) and on the Informal Workshop on Quantitative Approaches to Evaluating the Results of the Uruguay Round, organized by the UNCTAD secretariat on 1 July 1994, the **Chairman** said that what had transpired from those two events was relevant to the work of the Working Group at its current session. At the Bureau meeting, the view had been expressed that the Working Group should focus on developing a consensus on the methodology to be used in approaching the evaluation of the results of the Uruguay Round in UNCTAD, including in particular the kinds of studies and background papers required from the secretariat.

7. As for the Workshop, which not all delegations had been able to attend, it had been most interesting and relevant to the work of the Group. A number of experts from international organizations and academic institutions had participated. The Workshop had addressed various issues concerning both quantitative and qualitative analysis of the results of the Uruguay Round. These included identification of the quantifiable aspects of the various agreements in sectors of importance to developing countries, such as agriculture, textile and clothing, natural-resource-based products, tropical products and manufactures. The experts had indicated that there was a need to explore how to develop quantifiable models to assess the results of the Uruguay Round in the areas of services, TRIPs

and TRIMs, including the possible impact on developing countries. Regarding the rules and disciplines for, and the strengthening of, the multilateral trading system, including the improved dispute settlement mechanism, it had generaliy been agreed that, while they were likely to have a major impact on the trading opportunities of developing countries, such an impact could be assessed only qualitatively. These aspects should nevertheless be an integral part of an overall evaluation of the results of the United Nations.

8. She believed that, on the basis of the secretariat report as well as the discussion at the Workshop, the Working Group could have a fruitful exchange of views which would provide a basis for the Group's recommendation to the Trade and Development Board regarding evaluation of the Uruguay Round.

9. Finally, she said that a revised draft of the recommendations which she had distributed at the Bureau meeting would be available for consideration by the Working Group when it took up agenda item 4. She had made some revisions to the initial draft based on informal discussions she had had with some delegations.

Chapter I

CONSIDERATION OF ISSUES ARISING FROM THE WORK PROGRAMME OF THE AD HOC WORKING GROUP:

RESULTS OF THE URUGUAY ROUND AND THEIR EFFECTS ON THE TRADING PROSPECTS OF THE DEVELOPING COUNTRIES, INCLUDING IDENTIFICATION OF OPPORTUNITIES ARISING FROM THE REDUCTION OF TARIFFS AND NON-TARIFF MEASURES ON PRODUCTS OF EXPORT INTEREST TO THEM

(Agenda item 2)

10. For its consideration of this agenda item, the Ad Hoc Working Group had before it the following report by the UNCTAD secretariat:

"A preliminary analysis of the results of the Uruguay Round and their effects on the trading prospects of developing countries" (TD/B/WG.4/13).

11. Introducing the report by the UNCTAD secretariat (TD/B/WG.4/13), the **Director of the International Trade Division** recalled that, at its second session, the Working Group had requested participants of the Uruguay Round to provide the UNCTAD secretariat at the earliest date feasible with final lists of concessions made in the Uruguay Round. The Final Act of the Uruguay Round had been signed at Marrakesh, Morocco, on 15 April 1994. At the time of preparation of the secretariat's report, the UNCTAD secretariat had received only a limited number of final lists of concessions of Uruguay Round participants. This circumstance, in conjunction with the relatively brief period in which the secretariat had had to undertake an analysis of the concessions and other results of the Uruguay Round, had affected both the breadth and depth of the current report. For example, it was not possible to be comprehensive in the coverage of markets. Instead, the analysis of market access concessions was focused only on the major markets, the so-called "Quad countries" - i.e. Canada, European Union, Japan and the United States - which together accounted in value for around two thirds of world merchandise imports and for nearly 80 per cent of world service imports. In addition, given the multifaceted nature of the Uruguay Round results, the current report had had to be selective in its analysis of those results. Accordingly, the report focused on trade liberalization concessions and their implications for the market opportunities of developing countries and on those rule-making results that had major implications for the domestic policy options of developing countries to promote development of the export sector. Consequently, he emphasized that, given the range and complexity of the Uruguay Round agreements, this report should be

seen as a first, preliminary, attempt by the UNCTAD secretariat to analyse the results of the Uruguay Round.

12. Outlining the main themes dealt with in the secretariat report, he noted in particular that the analysis suggested that, in overall terms, imports by the markets of the four Quad countries of non-fuel merchandise were likely to rise by US$28.5 billion, which was equivalent to 4.6 per cent of the dutiable imports by these markets from the world in 1988. As regards additional imports from developing countries, these would amount to about US$7.1 billion or 3.1 per cent of the value of dutiable imports from developing countries in 1988. He emphasized that the analysis was in aggregate terms - i.e. the estimates of trade benefits were for developing countries as a whole. At the time of writing, it had not been possible, because of the lack of relevant data, to disaggregate developing countries in terms of region or special category such as least developed. This limitation was of considerable importance as the gains might be unevenly distributed among countries and among product categories, particularly in the short- to medium-term time frame. This suggested that further work needed to be done to understand fully the likely impact of the Uruguay Round on the growth in world trade and the trade of developing countries in particular.

Chapter II

ADOPTION OF THE FINAL REPORT OF THE AD HOC WORKING GROUP TO THE TRADE AND DEVELOPMENT BOARD

(Agenda item 4)

13. To assist the Ad Hoc Working Group in its work, as requested by the Group, the UNCTAD secretariat had prepared a preliminary draft of the Group's final report (TD/B/WG.4/L.11). In accordance with the request of the Ad Hoc Working Group, the draft final report was prepared as a synthesis and elaboration of the Chairman's Summaries of the substantive discussion of the Group contained in the reports on the second and third sessions of the Group.

Action by the Ad Hoc Working Group

[To be completed as appropriate]

Chapter III

ORGANIZATIONAL MATTERS

A. Opening of the session

(i) The fourth session of the Ad Hoc Working Group was opened on 4 July 1994 by the Chairman.

B. Bureau of the Ad Hoc Working Group [2]

(ii) The Bureau of the Ad Hoc Working Group at its fourth session was as follows:

Chairman:	Mrs. Magda Shahin (Egypt)
Vice-Chairmen:	Mr. I. Kinnas (Greece)
	Mr. P. Hutabarat (Indonesia)
	Mr. C. Sinencio (Mexico)
	Mr. Y. Afanassiev (Russian Federation)
	Mr. H. Dzvimbo (Zimbabwe)
Rapporteur:	Mr. Dietmar-Gert Lackner (Austria)

C. Adoption of the agenda and organization of work
(Agenda item 1)

(iii) At its 9th (opening) meeting, on 4 July 1994, the Ad Hoc Working Group adopted its provisional agenda (TD/B/WG.4/12) as follows:

1. Adoption of the agenda and organization of work

2. Consideration of issues arising from the work programme of the Ad Hoc Working Group:

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[2] In accordance with the decision taken by the Trade and Development Board at the first part of its thirty-ninth session, the officers elected at the first session of the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries are to remain in office for the duration of the life of the Ad Hoc Working Group. In view of the replacement of some officers at the second session, the elected officers of the Working Group are currently as indicated.

Results of the Uruguay Round and their effects on the trading prospects of the developing countries, including identification of opportunities arising from the reduction of tariffs and non-tariff measures on products of export interest to them

3. Other business

4. Adoption of the final report of the Ad Hoc Working Group to the Trade and Development Board.

(iv) Following the opening statements made at the 9th plenary meeting, the Ad Hoc Working Group continued its consideration of agenda items 2 and 4 in informal meetings. The closing plenary meeting was held on 8 July 1994.

D. Adoption of the final report of the Ad Hoc Working Group to the Trade and Development Board

(Agenda item 4)

[To be completed]